

TEACHERS' RETIREMENT BOARD
SUBCOMMITTEE ON CORPORATE GOVERNANCE

SUBJECT: Workplan Companies Update

ITEM NUMBER: 5

ATTACHMENT(S): 1

ACTION: _____

DATE OF MEETING: June 5, 2002

INFORMATION: X

PRESENTER(S): Janice Hester Amey

Executive Summary

Since the date of the last Subcommittee on Corporate Governance meeting, staff has been in contact with five of our seven 2001-2002 Workplan (Focus) Companies. On May 10, 2002, the CEO, Daniel Carp and the Senior V.P., Investor Relations, Donald Flick of Eastman Kodak came into CalSTRS offices and met with staff. CalSTRS was represented by Christopher Ailman, Elleen Okada, Janice Hester-Amey, Trish Taniguchi and Richard Kwong. We discussed our long-term performance concerns and some of the corporate governance items on our Financial Reform Matrix. This was a very positive meeting, however staff does intend to pursue further contact, as all concerns were not covered. Eastman Kodak has declined 29% since the Workplan analysis was done in June.

Ascential Software, Crompton Corporation, MPS Group, Novell and Primedia have all acknowledged receipt of our letter and we are working to set up a face-to-face meeting with these companies. Newmont Mining and Owens-Illinois have not responded/acknowledged our letter; staff is now following up with these two companies. It should be noted that both of these companies have had dramatic appreciation since our Workplan analysis was done in June, with Newmont Mining up nearly 54% and Owens-Illinois up 136%.

A Summary Matrix is attached for your review.

Staff will be available to answer any questions at the meeting.

State Teachers' Retirement System Workplan Companies Status Update Summary Matrix					
Company	Updated Performance 6/30/01 - 4/30/02	Focus List Performance As of 6/30/01, Annualized			Status with CalSTRS
		5-Year	3-Year	1-Year	
Ascential Software Corporation	-41.10%	-23.64%	-9.60%	-21.48%	Company has received the April 10th letter; we are trying to arrange a meeting with Ascential Software for June with their CEO and CFO.
Crompton Corporation	12.54%	-7.51%	-23.46%	-9.18%	Company has received the April 10th letter; we are trying to arrange a meeting with Crompton Corporation for June/July with their CEO and CFO. Conference call may precede face-to-face meeting.
Eastman Kodak Company	-29.28%	-7.22%	-11.31%	-18.66%	Company's CEO, Daniel Carp and Senior V.P., Donald Flick came to CalSTRS headquarters on May 10, 2002.
MPS Group, Inc.	30.43%	-24.02%	-39.56%	-9.51%	Company has responded to our April 10th letter; we are working to schedule a meeting in June/July. Conference call may precede face-to-face.
Newmont Mining Corporation	53.80%	-17.13%	-7.07%	-13.36%	Company has not responded to our April 10th letter; staff has followed up with a phone call to discuss status.
Novell Inc.	-34.97%	-16.33%	-23.58%	-38.49%	Company has received the April 10th letter; we are trying to arrange a meeting with their CEO and CFO in June/July. Conference call may precede face-to-face meeting.
Owens-Illinois Inc.	136.28%	-15.78%	-46.69%	-41.99%	Company has not responded to our April 10th letter; staff has followed up with a phone call to discuss status.
Primedia Inc.	-59.50%	-11.49%	-20.60%	-70.15%	Company has responded to our April 10th letter; we are working to schedule a meeting in June. Conference call may precede face-to-face.
Benchmarks					
Russell 1000 Index	-10.36%	14.15%	4.23%	-14.99%	
S&P 500 Index	-11.03%	14.48%	3.89%	-14.83%	